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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 18, 2000

APPLICATION OF

GTE SOUTH INCORPORATED
(Southwest, Virginia)

CASE NO. PUC960133

Annual Informational Filing

FINAL ORDER

On September 3, 1999, GTE South Incorporated (Southwest, Virginia) ("Southwest" or "the Company") filed its Motion to Declare Rates Not Subject to Refund and to Close Proceeding for 1995 ("Motion"), covered in its Annual Informational Filing ("AIF") of said year.

The Motion responded to a CAM/AIF Report ("Staff's Report") filed by the Commission Staff on July 21, 1999. The Staff's Report reflects a calculation for intrastate tariffed services' return on equity of 1.16% during 1995.

Pursuant to said Motion, the Company and the Staff of the Commission agreed that this proceeding should be closed without the requirement of refunds and further agreed that in doing so, the Company should not be deemed to have conceded or waived its rights to continue to object to decisions made by the Commission in the Company's final rate order, issued in Case No. PUC950019,

which have no material effect on the results of the Staff Report filed in this proceeding.

On September 10, 1999, the Commission prescribed notice and invited comments or requests for hearing concerning Southwest's AIF and the Staff's Report; comments and requests for hearing were due on or before October 29, 1999. The Company filed proof of publication on October 29, 1999, as directed by the Commission's September 10, 1999, Order.

On October 28, 1999, the Commission received the Comments Of Tazewell County Board of Supervisors On Annual Informational Filing Of GTE South Incorporated ("Comments"). The Tazewell County Board of Supervisors ("Board") indicated that during the process of developing an enhanced 911 system in Tazewell County, the Tazewell County Board of Supervisors learned that their cost was going to be more than double that of neighboring localities in Southwestern Virginia; the Board also indicated that the monthly costs for the continuing services would be substantially higher in comparison to neighboring counties.

The Commission is of the opinion that the Comments address matters outside the limited scope of this AIF proceeding; the Commission will address the Comments and matters contained therein in a separate proceeding initiated by Tazewell County in Case No. PUC990094.

In the absence of further requests for hearing and pursuant to the agreement between the Company and Staff, the Commission finds that Staff's Report filed on July 21, 1999, should be received into the record as evidence without the necessity of a hearing.

The only issue before the Commission is to determine whether Southwest earned in excess of its authorized range of return on equity for Discretionary and Basic services for 1995. The authorized range of return on equity prescribed by paragraph 12 of the GTE South Alternative Regulatory Plan ("Plan"), which became effective January 1, 1995, was 10.96% to 13.96%.¹ The Staff's Report reflects a calculation for intrastate tariffed services' return on equity, revised and restated, of 1.16%. Since that return is beneath the 13.96% limit of the Plan and has not been contested, the Commission finds that during 1995, Southwest did not earn in excess of the authorized maximum return on equity. Accordingly,

IT IS ORDERED THAT:

(1) Southwest's tariffed rates for 1995 are hereby made permanent for that year only. Such rates are no longer subject to refund as provided in paragraph 13 of its Plan.

¹ The Plan was approved as Attachment 4 to the Commission's Final Order issued October 18, 1994, in Case No. PUC930036.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.